

ORIGINAL

NEW APPLICATION



0000164045

BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

2015 SEP -3 P 2:52

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AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION
OF GRAHAM COUNTY UTILITIES, INC. -
GAS DIVISION FOR A DETERMINATION
OF THE FAIR VALUE OF ITS PROPERTY
FOR RATEMAKING PURPOSES, TO FIX A
JUST AND REASONABLE RATE OF
RETURN THEREON, TO APPROVE RATES
DESIGNED TO DEVELOP SUCH RETURN,
AND FOR RELATED APPROVALS.

DOCKET NO. G-02527A-15-0319

**REQUEST FOR DOCKET NUMBER
AND NOTICE OF FILING PROPOSED
FORM OF CUSTOMER NOTICE**

On August 4, 2015 Graham County Utilities, Inc. ("GCU" or the "Cooperative") delivered to The Arizona Corporation Commission ("Commission") Utilities Division Staff ("Staff") a Request for Pre-Filing Eligibility Review ("Request") pursuant to Arizona Administrative Code ("A.A.C.") R14-2-107(C)(2), as a Rule 107 Rate Case. The Request was submitted via email in electronic format (with formulae intact) per Staff's instruction with a paper copy placed in U.S. Mail the next business day. The Request contained a copy of GCU's draft application for a rate increase pursuant to A.R.S. § 40-250 and A.A.C. R14-2-107 including, as attachments the information required in A.A.C. R14-2-107(C)(2).

On September 3, 2015, representatives of GCU met Staff in accordance with A.A.C. R14-2-107(C)(3) to discuss the Cooperative's eligibility under A.A.C. R14-2-107(B) and Staff's comments regarding the Customer Notice previously submitted. GCU has incorporated Staff's recommendations into the Customer Notice and as approved by Staff the Customer Notice is attached hereto as Attachment 1. The Cooperative intends to mail the Customer Notice to its customers on or about September 10, 2015.

Pursuant to A.A.C. R14-2-107(C)(4), GCU hereby requests that the Commission establish a docket number for the above-captioned proceeding.

Arizona Corporation Commission
DOCKETED

SEP 03 2015

DOCKETED BY

BAU

1 RESPECTFULLY SUBMITTED this 3th day of September 2015.

2
3 By: Kirk Gray
4 Kirk Gray
5 Assistant General Manager
6 Graham County Utilities, Inc.
7 9 West Center Street
8 PO Drawer B
9 Pima, Arizona 85543

10 ORIGINAL and 13 copies filed
11 this 3rd day of September, 2015, with:

12 Docket Control
13 ARIZONA CORPORATION COMMISSION
14 1200 West Washington
15 Phoenix, Arizona 85007

16 COPY of the foregoing hand-delivered
17 this 3rd day of September, 2015, to:

18 Dwight Nodes, Chief Administrative Law Judge
19 Hearing Division
20 ARIZONA CORPORATION COMMISSION
21 1200 West Washington Street
22 Phoenix, Arizona 85007

23 Thomas M. Broderick, Director
24 Utilities Division
25 ARIZONA CORPORATION COMMISSION
26 1200 West Washington Street
27 Phoenix, Arizona 85007

28 Janice M. Alward, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

IMPORTANT RATE INCREASE NOTICE - PLEASE READ

Graham County Utilities, Inc. – Gas Division ("GCU") has notified the Arizona Corporation Commission ("Commission") that it intends to file a streamlined application ("Streamlined Application") on or about September 30, 2015, to increase its rates and charges pursuant to A.R.S. § 40-250 and A.A.C. R14-2-107 ("Rule 107"), the Commission's rule authorizing the filing of streamlined rate applications for electric and natural gas cooperatives. GCU is requesting an overall rate increase of \$114,237 or 6% over actual test year total base revenue (this is the maximum allowed per Rule 107). GCU's test year for this rate filing is year ending December 31, 2014. GCU states that the rate increase is necessary to recover operating costs. The last general rate increase for GCU was effective August 1, 2013.

A residential customer with monthly natural gas consumption of 59 therms (average usage) in the winter will see an increase in his/her bill of \$1.30 per month (from \$37.30 to \$38.60), or 3.5%. A residential customer with monthly natural gas consumption of 46 therms (median usage) in the winter will see an increase in his/her bill of \$1.30 per month (from \$32.39 to \$33.69), or 4%.

All of the proposed Residential customer increase will be in the monthly customer charge. A decrease in usage by a residential customer will *not* lessen the increase from this rate proposal.

The proposed increases by rate class over existing base rates are:

	\$ Increase in Mo. System Charge	\$ Increase in per Therm Charge	% Increase for Average Usage	% Increase for Median Usage
Residential*	\$1.30	0.00	3.5%	4%
Commercial**	\$5.60	0.02	7.6%	11.7%
Irrigation***	\$3.55	0.01	7.5%	8.2%

* Residential data are based on highest usage months during the winter

** Commercial data are based on an annual average

*** Irrigation data are based on highest usage months during the summer

The Rule 107 streamlined rate process is available to GCU only if the Commission receives objections from less than 237 GCU customers by October 13, 2015. If the Commission receives objections from at least 237 GCU customers by October 13, 2015, GCU will not be eligible to use the Rule 107 streamlined process, but will instead need to use the Rule 103 rate increase application process which would involve a formal evidentiary hearing and a more comprehensive review/analysis by Commission Staff.

Processing the Streamlined Application

Rule 107 provides streamlined procedures that should reduce rate case expense for processing rate applications of electric and natural gas cooperatives where (i) the requested increase in total base revenue does not exceed 6% of the actual test year total base revenue; (ii) the change in base revenue generated by any one rate class is no greater than 150% of the overall base revenue increase; (iii) there is no change greater than 25% in the customer charge within a rate schedule for residential customers; and (iv) there is no change in the rate blocks or the percentage relationship of the prices among rate blocks. The rule requires that not sooner than 20 days or later than 50 days after providing this notice to customers, GCU may file its Streamlined Application to increase rates. Streamlined refers to the fact that such an application will be processed under a shorter time-frame than a rate increase application filed pursuant to A.A.C. R14-2-103 ("Rule 103") and, therefore, receive a less comprehensive (possibly less costly) review/analysis by Commission Staff than a Rule 103 review/analysis. GCU's Streamlined Application may be approved without a formal evidentiary hearing. However, the Commission may at any time - at the request of Staff, an intervenor, or on its own - require GCU's rate increase application to be processed pursuant to the more comprehensive Rule 103 requirements. You can view the entire Rule 103 and 107 at http://apps.azsos.gov/public_services/Title_14/14-02.pdf.

Public Comment and Intervention

A person desiring to object to the Streamlined Application or to request intervention in the rate case must file the objection or the intervention request not later than the date specified below. Within 14 days after the deadline for objections and intervention requests, the Commission's Utilities Division Staff must determine the eligibility and sufficiency of the Streamlined Application under Rule 107.

Written public comments regarding GCU's Streamlined Application, including objections to it being processed pursuant to the alternative Rule 107 streamlined requirements, may be submitted by mailing a letter referencing Docket No. G-02527A-15-XXXX to the Commission's Consumer Services Section at 1200 W. Washington, Phoenix, Arizona 85007, or by e-mail. For a form to use and instructions on how to e-mail comments to the Commission, go to: <http://eservice.azcc.gov/Utilities/PublicComment>.

Requests to intervene may be filed in Docket No. G-02527A-15-XXXX by any person entitled by law to intervene or who is directly and substantially affected by the proceeding. If you require assistance, either to provide public comment or to seek intervention, you may contact the Commission's Consumer Services Section during normal business hours at 602-542-4251 or 1-800-222-7000 (Phoenix office); or 520-628-6550 or 1-800-535-0148 (Tucson office); or you may contact GCU during normal business hours at 928-485-2451. All motions to intervene and all objections to the Streamlined Application must be filed on or before October 13, 2015.

How You Can View or Obtain a Copy of the Application and Other Filed Documents

A copy of the Streamlined Application is available for public inspection during regular business hours at GCU's offices located at 9 West Center Street, Pima, Arizona 85543. A copy of the Streamlined Application is also available at GCU's website (www.gce.coop). After September 30, 2015, a copy of the Streamlined Application will also be available for public inspection during regular business hours at the Commission's Docket Control Center at 1200 W. Washington Street, Phoenix, Arizona, 85007, in the Commission's Tucson Office at 400 W. Congress, Tucson, Arizona, 85701 and on the Internet via the Commission's website (www.azcc.gov) using the e-Docket function.

GCU Contact Information

Graham County Utilities, Inc.
9 West Center Street
PO Drawer B
Pima, Arizona 85543
Phone: 928-485-2451

ADA/Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Shaylin Bernal, e-mail SABernal@azcc.gov, voice phone number 602-542-3931. Requests should be made as soon as possible to allow time to arrange the accommodation.